

5

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MINUTES OF

TRINTEX PARTNERS' COMMITTEE MEETING

WHITE PLAINS, N.Y.

MAY 25, 1988

A meeting of the Partners' Committee of TRINTEX, a partnership organized under the laws of the State of New York, was held at 10:00 a.m. on May 25, 1988 at the offices of the Company located at 445 Hamilton Ave., White Plains, NY.

Committee Members

Present: IBM Mr. J. F. Akers
 Mr. A. J. Krowe
 Mr. R. T. Liebhaber

SEARS Mr. E. A. Brennan
 Mr. W. E. Hedien
 Mr. C. F. Moran

Absent: None

Others Present: Mr. T. C. Papes
 Mr. J. H. Beall
 Mr. R. S. Glatzer
 Mr. H. Heilbrunn
 Mr. J. M. Hewitt
 Mr. H. C. Perce
 Mr. G. M. Perry
 Mr. R. M. Shapiro
 Mr. H. E. Smith

The Citizens & Mr. J. McIntyre (Part time)
Southern Bank Mr. W. J. VanLandingham (Part time)

Hayes Microcomputer Mr. D. Hayes (Part time)
Products Inc.

The Kroger Co. Mr. D. F. Dufek (Part time)

Regis McKenna Mr. R. McKenna (Part time)

Mr. R. T. Liebhaber presided as Chairman at the commencement of the meeting, and Mr. G. M. Perry, Secretary of the Company, recorded the minutes. The minutes of the February 3, 1988 meeting of the Partners' Committee were unanimously approved

TRINTEX RESTRICTED CONFIDENTIAL

as presented. The Chairman then said that since the last meeting of this Committee the Executive Committee has held four meetings (March 4, April 6, April 27, and May 19). The Chairman also noted that the dates for the remaining 1988 Partners' Committee meetings are July 27 and November 30.

Mr. Liebhaber then said that under the terms of the Partnership Agreement the chairmanship of this Committee and the Executive Committee is to be rotated between the partner companies on a bi-annual basis and that it would be appropriate to effect that rotation at this time. Thereafter, upon motion duly made, seconded and unanimously carried, Mr. Moran was elected Chairman of this Committee and the Executive Committee, to service until his successor is appointed.

Mr. Moran accepted the chairmanship of the two Committees and thereafter presided as Chairman of the meeting. The members of the Committee expressed their appreciation to Mr. Liebhaber for his work as Chairman during the past two years.

I. PRESIDENT'S REPORT

The Chairman first called upon Mr. Papes who summarized certain events since the last meeting. He said, among other things, that: (a) the Company Milestone of having 60 commercial clients live on the PRODIGYSM service by the end of March was achieved; (b) the Company participated as an exhibitor in the Computer Faire in San Francisco and the Comdex convention in Atlanta and received very good reactions at both events; over 4,000 leads were obtained at the Computer Faire; (c) the formal change of the name of the Company from TRINTEX to Prodigy Services Company will occur June 1, and procedures are in place to make a smooth transition; (d) a good working relationship with Apple Computer is being developed; they have seen the work that is going on to make the service compatible with the Apple and Macintosh machines, and are enthusiastic about it; (e) the FCC's proposal to impose access charges on enhanced service providers has been formally abandoned by the FCC; and (f) Judge Greene has rendered a decision in the Modified Final Judgment proceeding that gives the Regional Bell Operating Companies ("RBOCs") greater flexibility in the provision of information services, but still prohibits their owning or manipulating content; this decision improves the chances of the Company being able to develop a mutually beneficial relationship with one or more of the RBOCs.

II. PRODUCT CONTENT REPORT

The Chairman then called upon Mr. Smith who, using visual aids copies of which are attached as Exhibit A, reported on the growth of the product since its introduction in late 1987. He noted that between October 1, 1987, and the end of the first quarter of 1988, the service grew from a hand full of Hartford users and only five commercial clients live on the service, to about 850 member households and over 60 commercial clients live on the service. In addition, during that period, four live gateways were developed and brought onto the service and key editorial additions were made, including the Movie Encyclopedia and Ask Consumer Reports. The estimated results by the end of the second quarter of 1988 are: (a) 5,500 member households; (b) 75 commercial clients on-line; (c) the Kroger grocery gateway operational; and (d) additional key editorial content on-line, including Consumer Reports Reviews, the CEO business simulator game, the new Directory, and Dow Jones Company News. Projections for the end of the third quarter of 1988 are: (a) 18,000 member households; (b) between 90 and 100 commercial clients live on the service; (c) gateway applications operational for EAASY Sabre travel

TRINTEX RESTRICTED CONFIDENTIAL

reservations, Pershing on-line brokerage, Grocery Express grocery shopping, and Citizens and Southern home banking; and (d) two Bulletin Board applications and Commercial Mail operational.

III. CLIENT REPORT

The Chairman again called upon Mr. Smith who, using visual aids copies of which are attached as Exhibit B, reported on client development. He said that, with nearly 100 clients now signed, there is an ability to put more focus on the selection of products and services. The concept is to make the PRODIGY service a "destination location" -- that is, the first place a person will think to go for a given product or service. The areas in which this effort will begin in 1988 are travel (with the addition of discounted tour packages from Discount Travel, and information from the Official Recreation Guide), photography, and autos. Also, the addition of record database applications for books, records and VCR tapes, and software will begin to lead in the direction of making the service a destination location. He then reviewed the list of the 29 product packages and 12 specialty applications signed since the first of the year.

Mr. Smith then said that: (a) in grocery shopping, the development work to bring Kroger (Atlanta) and Grocery Express (San Francisco) on-line is proceeding well, and negotiations are continuing with the Haberman/D'Agostino group for the Hartford area; the current takeover activity among the major grocery chains in Southern California has increased the difficulty of signing a grocer in that area; (b) in banking, contracts have been signed with Citizens and Southern Bank in Atlanta for an MHT-model application, and with Trustcorp Bank, Ohio to create a home banking software package compatible with IBM equipment; discussions are ongoing with Sovran Bank in the Washington, DC area, National Bank of Detroit, Michigan National Bank, and Comerica; renewed discussions with Bank of America have begun and are proceeding very positively; and discussions have been initiated with Citibank and early indications are favorable; and (c) in travel, the EAASY Sabre travel reservation application is on schedule for completion by mid-summer, and other significant tour packages will be added to that category in the near future.

During the course of this report, Mr. Smith showed the Committee a taped newsclip from an Atlanta television station dealing with the PRODIGY service and the recent signing of Citizens and Southern Bank for on-line home banking.

IV. MEMBERSHIP MARKETING REPORT

A. PC Forecast The Chairman then called upon Mr. Glatzer who, using visual aids copies of which are attached as Exhibit C, reviewed the Company's revised (1st Quarter, 1988) PC and modem penetration forecasts. He said that the revised forecast for "addressable" PCs is higher than the previous forecast (3rd quarter, 1987) by about 1 million units in the early years and about 2 million in the later years. The modem penetration forecast indicates that the percentage of addressable PC's with modems (even excluding 300 bps modems) will be over 30%.

B. Usage Measurements Mr. Glatzer, using visual aids copies of which are attached as Exhibit D, then reviewed usage figures showing the daily minutes of use per "active" Membership (i.e., a Membership that entered the service at least once in a month) and the daily minutes of use per average Membership for the four Membership groups (Hartford, Panel, Connecticut Computer Society, and Founding

TRINTEX RESTRICTED CONFIDENTIAL

Members) during the period February-May, 1988.

C. Focus Group Feedback Mr. Glatzer, using visual aids copies of which are attached as Exhibit E, then reported on a recently completed focus group study aimed at determining levels of "acceptance" of the service (i.e., how many "free trial" members are likely to convert to paying members at the end of the trial period). He said that the goals of the study were to: (a) measure acceptance of the current service, compared to earlier levels; (b) evaluate the adequacy of the current service characteristics and content; and (c) measure the impact of planned service expansions on acceptance levels. He said that the study indicates an acceptance level of the current service of least 20%, which is measurably higher than the previous study in February, based on Reception System 5.0. The minimum conversion rate increased to the 50% range when the questions were posed in the context of the service including planned content additions, including greater information depth, full service banking, expanded retail offerings, local information, travel reservations, brokerage services and grocery shopping.

D. Founding Member Update and Membership Forecast Mr. Glatzer, using visual aids copies of which are attached as Exhibit F, then reported that the Founding Member program has far exceeded the original goal of 1500 enrolled households. Over 2700 orders have been received to date, and enrollment already exceeds the initial goal. The program is now expected to result in around 2500 enrolled households. He said that the current Membership forecast calls for year-end Membership enrollment exceeding plan by about 5,000 (37,755 compared to a plan of 32,581).

V. DISCUSSION WITH GUEST EXECUTIVES

The Chairman then invited the following guests into the meeting:

Mr. John McIntyre, Chairman and
Mr. William J. VanLandingham, President
The Citizens and Southern Bank

Mr. Dennis Hayes, President
Hayes Microcomputer Products Inc.

Mr. Donald F. Dufek
Group Vice President, Operations Services
The Kroger Company

Mr. Regis McKenna, Chairman
Regis McKenna

The Chairman said that the purpose of inviting these guests to the meeting was to provide an open exchange of views between the members of the Committee and senior executives of commercial client companies and of other companies with whom strategic alliances are being formed. A wide ranging discussion followed.

Following this report, there being no further business to come before the meeting, it was adjourned at 2:30 p.m. The next meeting of this Committee is set for July 27, 1988.

TRINTEX RESTRICTED CONFIDENTIAL

Respectfully Submitted,

C. F. Moran
Chairman

G. M. Perry
Secretary